

Message Text

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60

ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 COME-00 DLOS-03 OFA-01 FMC-01

CG-00 DOTE-00 TRSE-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

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R 021254Z JUN 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 2957

INFO AMEMBASSY BONN

USMISSION EC BRUSSELS

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY MOSCOW

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY WARSAW

USMISSION NATO

USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L LISBON 3066

E.O. 11652: GDS

TAGS: EEWT, PO, PL

SUBJ: PROSPECTIVE SHIP REPAIR AGREEMENT WITH POLAND

SUMMARY: PORTUGUESE DELEGATION RETURNED FROM TRIP TO POLAND, WHERE, AMONG OTHER AREAS, INITIAL PREPARATIONS MADE FOR AGREEMENT ON SHIP CONSTRUCTION AND REPAIR. ALTHOUGH PRESS REPORTS AGREEMENT WILL COVER REPAIR AT LISNAVE OF POLISH SHIPS, EMBASSY BELIEVES POSSIBILITY EXISTS THAT PORTUGUESE MIGHT ALSO MAKE PROVISION FOR TECHNICAL ASSISTANCE WHOULD WESTERN FIRMS PULL OUT OF LISNAVE. END SUMMARY.

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1. PORTUGUESE DELEGATION LED BY SECRETARY OF STATE OF INDUSTRY

AND TECHNOLOGY JOAO MARTINS PEREIRA RETURNED MAY 29 FROM VISIT TO POLAND WHERE THEY MADE INITIAL PREPARATIONS FOR A "VERY CONCRETE" AGREEMENT ON SHIP CONSTRUCTION AND REPAIR WHICH, ACCORDING TO PRESS, IS TO BE SIGNED BY MINISTER OF INDUSTRY JOAO CRAVINHO WHEN HE VISITS POLAND IN JUNE. PEREIRA CLAIMED THAT POLES ARE INTERESTED IN REPAIR AT LISNAVE OF GREAT NUMBER OF SHIPS OF UP TO 140,000 TONS (SIZE LIMIT FOR BALTIC).

2. PRESS REPORTED POSSIBILITY OF FUTURE AGREEMENTS ABOUT HEAVY INDUSTRY, AS WELL AS "INTERESTING POSSIBILITIES" FOR TRADE IN NEW MATERIALS, WITH PORTUGUESE STEEL MILL SIDERURGIA NACIONAL ALREADY IMPORTING POLISH COAL.

3. COMMENT: A. ON PURELY ECONOMIC GROUNDS, PURPORTED POLISH INTEREST IN SHIP REPAIR AT LISNAVE APPEARS CURIOUS. HUGE SHIPYARD, WHICH FORMERLY WAS AMONG MOST EFFICIENT AND LOWEST COST YARDS IN EUROPE, BECAUSE OF LABOR STRIFE, DRASTICALLY LOWERED PRODUCTIVITY AND LOSS OF FOREIGN TECHNICIANS HAS NOW REPORTEDLY LOST ITS COMPETITIVENESS AND IS IN FINANCIAL DIFFICULTIES. GOVERNMENT LAST WEEK INTERVENED IN FIRM (ALONG WITH REST OF CUF EMPIRE) BY APPOINTING DELEGATES (LISBON 2925).

B. IN CONVERSATION WITH EMBOFF, POLISH AMBASSADOR LAUGHED ABOUT PROSPECT OF POLISH SHIPS BEING REPAIRED AT LISNAVE, AND INDICATED THERE IS NOT MUCH CHANCE GIVEN STRUCTURE OF POLISH INDUSTRY AND FLEET.

C. THUS, ALTHOUGH THERE IS NO CONCRETE EVIDENCE, EMBASSY BELIEVES SHIP REPAIR AGREEMENT MIGHT CONCEIVABLY CONTAIN MORE THAN PROVISION FOR REPAIRING POLISH SHIPS. SWEDISH AND DUTCH SHIPYARDS WHICH HAVE PROVIDED 40 PER CENT OF LISNAVE CAPITAL AND -- EVEN MORE IMPORTANT -- HIGH MANAGEMENT, TECHNICIANS, AND SKILLED WORKERS, ARE REPORTEDLY VERY CONCERNED AND READY TO PULL OUT IF FIRM NATIONALIZED. CAREFUL ORCHESTRATION OF LAST WEEK'S "SEMI-INTERVENTION" WAS MADE WITH THIS IN MIND. EMBASSY BELIEVES IT ENTIRELY PLAUSIBLE THAT GOP MIGHT TRY TO HEDGE ITS BETS BY ARRANGING FOR TECHNICAL ASSISTANCE FROM REPUTEDLY ADVANCED POLISH SHIPYARDS IN EVENT PRESENT FOREIGN PARTNERS PULL OUT.

D. EMBASSY WOULD APPRECIATE ANY COMMENTS EMBASSY WARSAW MIGHT HAVE ON SUBJECT.

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